

The city's budget touches all parts of city operations. It determines and prioritizes the services the city provides. It sets parameters on staff and management. And it establishes taxes and fees. So the annual process of deciding the next year's budget is a big deal.

Mid-summer, department heads discussed their portions of the 2011 budget with their respective committees. By August, they submitted their individual budget requests. The requests were compiled into a preliminary budget. Last week, the preliminary budget was presented to the full City Council. There was a little discussion, but it was really meant to be a presentation rather than a negotiation.

I am sorry that the preliminary budget is incomplete in the fact that it is not a balanced budget. Some key figures, particularly on the revenue side, are as yet unknown. For example, the amount of state aid for general transportation and connecting streets had not been noticed by the state by the time of the meeting. Subsequently, we've learned these funds are supposed to increase by almost \$36,000. Another key figure, on both the expense and revenue sides, is our pending contract for garbage and recyclables hauling. The proposed budget will be updated and refined as we learn these numbers.

Overall, the preliminary budget could be viewed as a maintenance budget; it contains very little in the way of new expenditures. In the next few paragraphs, I will highlight a few of the proposed changes.

The library proposed a couple additional budgetary expenditures to be more realistic with past actual expenditures. One of these is in library salaries and wages because, in the past, they had not budgeted for staffing coverage during employee absences or vacations. This added expense is offset by increased funding from the county based on a formula to recognize library use by rural township residents.

The Economic Development Committee recommended paying \$20,000 to the Chamber of Commerce to lead a partnership for economic development efforts. These efforts include developing a commercial property database, creating an economic development website, planning for a business park, networking with economic development and business organizations, and advertising Evansville as a place to do business.

The police department requested an increase for wages and salaries due to a step increase in the current collective bargaining agreement. The department also budgeted for capital expenses over which it has little choice. These included replacement of a five-year old squad car (we had previously been on a three-year replacement schedule), Evansville's portion of the county's update to the law records management system, and (spread over three years) upgrading radios to narrowband capability as required under federal law by January 1, 2013.

EMS proposed a 2011 operating budget with a slight decrease from 2010. However it anticipates a couple major capital expenditures in 2012. It also is required under federal law to upgrade its radio and pager communications to a narrowband technology. And it plans to replace a fifteen-year old ambulance.

The city's finance department proposed a modest decrease in its budgeted expenditures. This was primarily due to cost savings from eliminating a part-time position, reduced election expenses (only a one-year savings), and a reduction in the health insurance premium due to a change in employee status.

Park maintenance cut a seasonal position to save money. The pool and park store proposed modest decreases in wages and expenses due to shortening the season; however, these are also offset by decreased revenues. \$70,000 was proposed to reline the pool in 2011. The Park Board is considering a handful of options to increase revenues including paid advertising, renting the park store to a private operator, changing park store hours, and increased user rates.

The public works department shifted a portion of its wages and salaries to the stormwater utility resulting in a slight decrease to the public works operating budget. This change is to better reflect actual time and expense spent in stormwater management. Public works also requested an increase in funding for equipment replacement.

The wastewater utility proposed a basic maintenance budget but noted that we do not have a history for operation and maintenance costs with the new wastewater treatment facility. The water utility also proposed a basic maintenance budget but noted that it expects a drop in sales due to the 2010 increase in sewer rates.

The electric utility predicts an offset between a projected increase of five percent for power purchase and an increase in electricity sales. They requested a new bucket truck with a sixty-foot boom necessary for maintenance on the taller poles after upgrading the south loop.

Debt service payments for the general fund are scheduled to hold even from 2010 to 2011. However, there is a \$75,000 increase in debt service for Tax Increment District #5, and TID #5 revenues are not sufficient to cover the increase. This means the general fund must cover the added cost with repayment by TID #5 at some point in the future.

This has been a very quick and simple overview of the preliminary budget. The entire preliminary budget and other fiscal information such as tax rates and past budgets are posted on the city website at [www.ci.evansville.wi.gov/city/fiscal/index.html](http://www.ci.evansville.wi.gov/city/fiscal/index.html).

During the presentations, a few spending cuts were identified. I expect the line items for engineering costs for planning and development and municipal court expenses to be trimmed. I'm sure all of the City Council has identified certain items they would revise in the preliminary budget.

Next week, the Finance and Labor Relations Committee will dig deeper into the preliminary budget. Recognizing the economic recession, I expect the discussion will be very tight-fisted. They will make revisions to come up with a balanced budget proposal. This will be forwarded to the entire City Council for additional deliberation and revision.

The eventual budget solution will need to balance a variety of economic, social, political and safety factors in determining the City's priorities. If all proceeds as planned, the City Council

will adopt the budget and approve the associated property tax levy after a public hearing on November 9.

I've said it before, but I will keep pointing out the fact that the State of Wisconsin faces a structural budget deficit over \$2.5 billion when it starts its next biennium on July 1, 2011. Couple that with the fact that intergovernmental revenues comprise about 29% of the city's general fund, and the city is in a very uncertain position going into the future. The state may make significant cuts to shared revenues in order to balance its budget.

And if such cuts are enacted during the city's fiscal year, we will have limited options to react to the lost revenue. Roll everything forward one year: it is a real possibility that this column will be about how to cope with a \$150,000 cut in shared revenues over the last three-and-a-half months of the year.

The city aims to maintain a general fund balance adequate to address unexpected changes in revenues and expenditures. Although it should help smooth out budget shocks such as a big cut in shared revenues, the fund balance should not be viewed as the only solution.

Different from past years, city staff will plan for such a crisis situation. This fall they will be directed to identify expenditures which may be delayed until later in the year when we have a better idea of the state's budget rather than early in the year. They will also be asked to identify emergency spending cuts that could be implemented.

A special city email account has been set up to receive budget suggestions from our residents and businesses. Please send your suggestions to [budget@ci.evansville.wi.gov](mailto:budget@ci.evansville.wi.gov). We're listening.